

FISCAL NOTE

HB 3354 - SB 3729

March 13, 2006

SUMMARY OF BILL: Establishes the "Fair Share Health Care Fund" which is a special agency account within the state general fund to assist in the financing of health coverage for uninsured workers and may be used to support the operations of TennCare and to help uninsured workers and their dependents obtain health care coverage through another state program.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$70,800 Recurring
\$3,400 One-Time**

Other Fiscal Impact – Should the four employers that the bill applies to currently pay less than 10% of gross payroll towards health care expenditures and comply with the requirements of the bill, there would be an increase to state revenues earmarked to the Fair Share Health Care Fund ranging from \$225,000 to \$22,500,000 per employer. Should none of the employers comply with the requirements of the bill, it will result in an increase in state revenues to the fund which exceeds \$2,000,000 due to the payment of a \$500,000 civil penalty imposed on each employer.

Assumptions:

- Employers with 10,000 or more employees that do not pay at least 10% of the gross payroll on health care expenditures will pay an amount equal to the difference between what is paid and 10% of total wages.
- In 2005, there were only four employers in the state that met the criteria of the bill and each had a payroll greater than \$250,000,000. The employer would have to pay 10% of gross payroll or \$25,000,000 to be exempt from contributing to the fund.
- If employers are currently paying 9.9% of payroll towards health care expenditures, the employer would owe \$225,000 to the fund. If the employer is paying 1% of payroll towards health care expenditures, the employer would owe \$22,500,000 to the fund.
- If an employer pays less than 9.8% of the gross payroll or \$24,500,000 towards health care expenditures, the difference that the employer would pay would be greater than the fine of \$500,000 for not paying.
- Four companies paying a fine of \$500,000 each will increase revenues to the Fair Share Health Care Fund by \$2,000,000.

- The Department of Commerce and Insurance will need an additional administrative services assistant five position to identify and designate specific health coverage plans as being approved health coverage options that may receive money from the fund to subsidize employers that pay into the fund. Such will result in an increase of \$67,800 in recurring expenditures for salary and benefits, computer networking, supplies and office leasing and \$3,400 in one-time expenditures for a computer and landscaping.
- The Department of Labor and Workforce Development will incur an increase of expenditures to prepare and mail questionnaires, to prepare a report to the governor and the General Assembly and to administer the fund. Such is estimated at \$3,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director